

Message Text

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SUBJECT: COURT RULING IN SWISS CREDIT BANK CASE

SEC HAS INFORMED US OF ISSUANCE OF FOLLOWING PRESS RELEASE
IN SCB CASE: BEGIN TEXT - SECURITIES EXCHANGE COMMISSION,
WASHINGTON,D.C. LITIGATION NO. 7475, JULY 1, 1976 - SEC V
AMERICAN INSTITUTE COUNSELORS, INC. ET AL (U.S. DISTRICT
COURT FOR THE DISTRICT OF COLUMBIA, CIVIL ACTION 75-1965)

1. SECURITIES EXCHANGE COMMISSION ANNOUNCED ON JUNE 30, 1976
THAT THE HONORABLE GERHARD E. GESELL, U.S. DISTRICT COURT
JUDGE FOR THE DISTRICT OF COLUMBIA ENTERED A FINAL ORDER
AGAINST SWISS CREDIT BANK (SCB) IN THE ABOVE CAPTIONED
ACTION PURSUANT TO A STIPULATION AND THE UNDERTAKING OF
SCB IN WHICH IT CONSENTED TO THE FINAL ORDER WITHOUT
ADMITTING OR DENYING THE ALLEGATION OF THE COMMISSION'S
COMPLAINT.

2. THE FINAL ORDER PROHIBITS SCB FROM OFFERING TO SELL, OR
SELLING, SECURITIES OF THE VARIOUS ENTITIES INVOLVED IN THE
ABOVE ACTION IN VIOLATION OF THE REGISTRATION PROVISIONS
OF THE SECURITIES ACT OF 1933 OR FROM ENGAGING IN BUSINESS
ACTIVITIES WITH CERTAIN OF THE ENTITIES NAMED IN THE
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COMMISSION'S COMPLAINT WHEN SUCH ENTITIES ARE ACTING AS

NREGISTERED BROKER-DEALERS, INVESTMENT ADVISERS, OR
INVESTMENT COMPANIES.

3. THE FINAL ORDER OF THE COURT ALSO DIRECTS SCB TO
COMPLY WITH ITS UNDERTAKING CONTAINED IN THE STIPULATION
AND UNDERTAKING REFERRED TO ABOVE. SCB UNDERTAKES TO ADOPT
AND IMPLEMENT PROCEDURES REASONABLY CALCULATED TO INSURE
THAT SCB WILL NOT PARTICIPATE IN ACTIVITIES OF THE TYPE
ALLEGED IN THE COMMISSION'S COMPLAINT. IN ADDITION, THE
SCB UNDERTAKES TO CONTINUE TO FREEZE THE ASSETS IN THE
ACCOUNTS ON DEPOSIT WITH THE BANK OF CERTAIN OF THE
DEFENDANTS IN THE ABOVE CAPTION ACTION.

4. FURTHER, SCB HAS UNDERTAKEN TO CONTINUE TO MAINTAIN WITH
ITS LAWYERS IN WASHINGTON, D.C. A LETTER OF CREDIT IN THE
AMOUNT OF APPROXIMATELY \$120 MILLION ORIGINALLY CREATED
IN ACCORDANCE WITH THE TERMS OF A DECEMBER 30, 1975
STIPULATION, FOR THE PURPOSE OF MAKING PAYMENTS TO THE U.S.
BENEFICIAL OWNERS OF THE SECURITIES WHICH ARE THE SUBJECT
MATTER OF THIS ACTION. THE ABILITY OF THE COURT TO USE
THE LETTER OF CREDIT IS SUBJECT TO CERTAIN TERMS AND
CONDITIONS WHICH ARE SPECIFIED IN THE STIPULATION AND
UNDERTAKING OF SCB INCLUDING THE CONDITION THAT IT MAY NOT
BE USED SO LONG AS THE OBLIGATION AND ACTIVITIES SPECIFIED
IN A DECREE OF THE SWISS BANKING COMMISSION RELATING TO
THE DISPOSITION OF ASSETS WHICH ARE THE SUBJECT MATTER OF
THE COMMISSION'S ACTION ARE BEING SUBSTANTIALLY PERFORMED.

5. FOR FURTHER INFORMATION SEE LITIGATION RELEASE NO.7183.
END TEXT. KISSINGER

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